

Message Text

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PAGE 01 STATE 128937
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-----074346 220055Z /62

R 212153Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY LIMA

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E.O. 11652: N/A

TAGS: EAIR, PE

SUBJECT: US-PERU CIVAIR NEGOTIATIONS

1. CURRENT ROUND OF SUBJECT NEGOTIATIONS WERE CONCLUDED ON MAY 19 WITH AGREEMENT TO MEET AGAIN IN LIMA DURING WEEK OF JUNE 12. ALTHOUGH SOME HEADWAY WAS MADE ON CHARTERS AND LOW FARE LANGUAGE, THE RESPECTIVE POSITIONS ON THE BASIC ROUTE AND CAPACITY ISSUES APPEAR TO BE FAR APART.

2. ROUTE, CAPACITY, FREQUENCY ISSUES: AT THE OUTSET OF TALKS ON MAY 16, PERUVIAN DELEGATION TABLED A DRAFT AGREEMENT TO REPLACE 1975 MOU. COPY IS BEING POUCHED. THEIR DRAFT FOLLOWS BASIC FORMAT OF 1975 MOU, RETAINING TIGHT CONTROL OVER FREQUENCIES, ROUTINGS AND BEYOND OPERATIONS. IT INCLUDES EXTENSIVE NEW RIGHTS
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PAGE 02 STATE 128937

FOR PERU: NEW YORK (NOW ONLY TEMPORARILY AVAILABLE UNDER '75 AGREEMENT) AND SAN FRANCISCO; BEYOND RIGHTS TO CANADA, EUROPE, AND ASIA (PERU DEL CLAIMED THAT BEYOND RIGHTS FOR PERU WERE ACTUALLY AGREED TO BY US IN 1975 BUT THAT REFERENCE TO SUCH RIGHTS WAS OMITTED FROM 1975 MOU THROUGH TYPOGRAPHICAL ERROR. THERE IS NO FOUNDATION TO THIS CLAIM); AND NEW INTERMEDIATE POINTS

INCLUDING ALL OF THE CARIBBEAN (AS WELL AS RETENTION

OF MEXICO CITY). USDEL INDICATED ITS WILLINGNESS TO SHOW FLEXIBILITY ON ISSUE OF ROUTE RIGHTS, BUT PRESSED HARD FOR A RETURN TO PRE-1975 LIBERAL AGREEMENT WHICH WOULD NOT DICTATE CAPACITY LEVELS. STATISTICS WERE CITED DEMONSTRATING THAT US-PERU TRAFFIC STAGNATED UNDER PRESENT REGIME IN COMPARISON WITH OTHER US-SOUTH AMERICAN MARKETS REGULATED BY MORE LIBERAL ARRANGEMENTS. BOTH US AND PERUVIAN INTERESTS SUFFERED REVENUE LOSSES AS A RESULT.

3. ON MAY 17 USDEL PROPOSED AN ALTERNATE PACKAGE, POINTING OUT THAT PROPOSAL WAS SUBJECT TO APPROVAL BY HIGHER AUTHORITIES IN USG. THIS PACKAGE WOULD ABOLISH ARTIFICIAL CAPACITY AND FREQUENCY CONTROLS OVER FLIGHTS BETWEEN US AND PERU. FLIGHTS OPERATED TO POINTS SOUTH OF PERU WOULD BE SUBJECT TO UNILATERAL REDUCTIONS BY EITHER GOVERNMENT ON AN EX POST FACTO BASIS, BUT ONLY DOWN TO AN AGREED FLOOR. PERU WOULD ALSO ACQUIRE PERMANENT RIGHTS TO NEW YORK WHILE PRE-1975 RIGHTS WOULD BE RESTORED TO BOTH SIDES.

4. ON MAY 18, INTERAGENCY INTERNATIONAL AVIATION POLICY COMMITTEE, CHAIRED BY UNDER SECRETARY COOPER, REVIEWED USDEL PROPOSAL AND CONFIRMED THAT IT COULD LIMITED OFFICIAL USE

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PAGE 03 STATE 128937

BE SUBMITTED TO THE PERUVIAN DELEGATION. HOWEVER, SINCE THIS PROPOSAL DEVIATES TO SOME EXTENT FROM US INTERNATIONAL AVIATION POLICY, IT MAY BE NECESSARY TO OBTAIN PRESIDENTIAL DECISION BEFORE MAKING PROPOSAL DEFINITE. THIS SITUATION HAS BEEN EXPLAINED TO PERU DEL WHO ALSO INDICATED THAT THEY LACK NECESSARY AUTHORITY TO COMMENT, LET ALONE TO DECIDE, ON US PROPOSAL. COL. SANCHEZ PROMISED TO SUBMIT US PROPOSAL TO HIS PRINCIPALS, BUT DEMURRED FROM ANNOUNCING WHAT HE WOULD RECOMMEND. TEXT OF US PROPOSAL BEING TRANSMITTED SEPTEL.

5. CHARTERS AND LOW FARES: USDEL INDICATED THAT LIBERAL CHARTER REGIME INCORPORATING COUNTRY-OF-ORIGIN RULES AND BILATERAL COMMITMENT TO PROMOTE INNOVATIVE LOW FARES ARE OF CONSIDERABLE IMPORTANCE TO US AND ARE PART OF US PACKAGE DISCUSSED ABOVE. PERU DEL SHOWED CONSIDERABLE RECEPTIVITY TO BOTH CONCEPTS. USDEL TABLED DRAFT LANGUAGE CONCERNING BOTH ISSUES. FURTHER DISCUSSIONS ON BASIS OF US DRAFTS ARE EXPECTED TO CONTINUE IN JUNE.

6. SECURITY ARTICLE: USDEL ALSO PROPOSED LANGUAGE
REVISING ARTICLE 7 OF 1946 AGREEMENT TO DEAL WITH

AIRPORT SECURITY ISSUES. PERUVIAN DEL IS TO REVIEW THIS
LANGUAGE AND TO COMMENT IN JUNE.

7. FUEL CHARTERS AND GROUND HANDLING: USDEL REGISTERED
ITS CONCERN WITH PRICE DIFFERENTIAL BETWEEN FUEL
SOLD TO AERO PERU AND TO THAT SOLD TO US AIRLINES IN
LIMA. USDEL ALSO DISCUSSED GROUND HANDLING ISSUES.
PERU DEL INDICATED THEY WOULD LOOK INTO THESE SUBJECTS.

8. LEASING ARRANGEMENTS FOR PERU: IN THEIR INITIAL
PROPOSAL, PERUVIAN DEL SUGGESTED THAT PERUVIAN AIRLINES
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PAGE 04 STATE 128937

BE PERMITTED TO "WET LEASE" (AIRCRAFT WITH CREW AND
FUEL) EQUIPMENT FROM THIRD COUNTRY AIRLINES FOR
OPERATIONS INTO THE US. USDEL HAS INCORPORATED A
LIMITED VERSION OF THIS PROPOSAL IN ITS PACKAGE,
NOTING ITS CONCERN THAT AN UNLIMITED WET LEASE ARRANGE-
MENT COULD LEAD TO ONE COUNTRY'S PEDDLING ITS BILATERAL
ROUTE RIGHTS TO ANOTHER. THIS LEASING ARRANGEMENT
MAY BE VERY IMPORTANT TO THE PERUVIANS SINCE IT WOULD
PROVIDE AN AVENUE FOR EXPANDING AERO PERU'S SCOPE OF
OPERATION WITHOUT RECOURSE TO CAPITAL INVESTMENT.

9. TALKS ENDED AMICABLY WITH SIGNING OF SHORT
NON-SUBSTANTIVE MEMORANDUM OF CONSULTATION AS FOLLOWS:
BEGIN TEXT.

DELEGATIONS REPRESENTING THE GOVERNMENT OF THE UNITED
STATES AND THE GOVERNMENT OF PERU MET FROM MAY 16
TO MAY 19, 1978 IN WASHINGTON FOR THE PURPOSE OF
CONDUCTING AIR TRANSPORT NEGOTIATIONS. THE LISTS OF
THE RESPECTIVE DELEGATIONS ARE ATTACHED.

THE DELEGATIONS EXCHANGED VIEWS AND PROPOSALS WITH
RESPECT TO THEIR POSITIONS, WITH PRIMARY REFERENCE
TO SCHEDULED OPERATIONS, TRAFFIC RIGHTS FOR BOTH
SIDES, BEYOND POINTS, LOW FARES, THE FACILITATION
AND ENCOURAGEMENT OF CHARTER OPERATIONS, AIRPORT
SECURITY, FUEL PRICES, GROUND HANDLING, AND OTHER MATTERS.
THE DELEGATIONS DISCUSSED FULLY THEIR RESPECTIVE
VIEWPOINTS AND AREAS OF POTENTIAL AGREEMENT. THE
DELEGATIONS AGREED TO RECESS THE NEGOTIATIONS AND TO
CONTINUE THEM DURING THE WEEK OF JUNE 12, 1978 AT LIMA.
END TEXT.

10. IN VIEW OF JUNE 12 TALKS, EMBASSY IS REQUESTED TO
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RESERVE TENTATIVELY 12 SINGLES AND ONE SUITE AT
SUITABLE HOTEL FOR JUNE 11-16 ON UNDERSTANDING THAT SOME
OF THE RESERVATIONS COULD BE CANCELLED WITHOUT INCURRING
ANY CHARGES. SUITE WILL BE NEEDED BY ATA
REPRESENTATIVE FOR AIRLINE BRIEFINGS. VANCE

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